



Amy G. Rabinowitz
Assistant General Counsel

July 28, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 04-116

Dear Secretary Cottrell:

On behalf of Massachusetts Electric Company and Nantucket Electric Company, I am enclosing our response to the Department's fifth set of information requests to all electric local distribution companies.

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

Responses to the Department's Fifth Set of Information Requests to All Electric Companies

DTE-LDC 5-1

Request:

Please refer to the alternative formula below for the Problem Circuit Remediation Index ("PCRI").

$$(8760\text{-Circuit SAIDI}) / 8760 * \text{Circuit SAIFI}$$

Comment on the advantages and disadvantages of employing this formula over the previous formula as expressed in Attachment A of DTE-LDC 4-1 through DTE-LDC 4-6.

Response:

Essentially, this index provides information about Circuit SAIFI. It is not clear to the Company how this index would provide more meaningful information on circuit performance than the Department's current definition of worst performing feeders.

Recently, the Department suggested that a new formula for identifying worst performing circuits be used. This formula is:

$$\frac{8760 - \text{Circuit SAIFI}}{8760}$$

This equation identifies the best performing feeders, not the worst performing feeders. For example, if SAIFI is large, such as 10, then the equation is $8750/8760 = 0.998858$. If SAIFI is 1, then the equation is $8759/8760 = 0.999886$. If SAIFI is 0, the index would be 1. This equation will not identify the feeders the Department is hoping to identify.

It appears that the Department is attempting to find a methodology for identifying pockets of poor performance and a mechanism for penalizing utilities for this poor performance. The Company suggests that a slightly modified version of the current mechanism be used to identify the worst performing circuits. The current definition reads:

"Poor Performing Circuit" will mean any distribution feeder that:

- (i) has obtained a circuit SAIDI or SAIFI value for a reporting year that is among the highest (worst) ten percent of the Company's feeders for any two consecutive reporting years; or
- (ii) has sustained a circuit SAIDI or SAIFI value for a reporting year that is more than 300 percent greater than the system average of all feeders in any two consecutive reporting years.

Responses to the Department's Fifth Set of Information Requests to All Electric Companies

The Company proposes to modify the definition to develop the worst performing feeder list excluding major event days. This change will reduce the number of feeders that are identified solely due to major events. The required remediation activities for such events are often quite different than those required for remediation of "day to day" events, and in some cases the remediation will have occurred during the major event with no follow-up work required.

An additional proposed modification would be to change the time frame to "...for any three consecutive reporting years." Since the worst performing circuits can only be identified after year end for the first year, and plans to correct a reliability situation are developed in the second year, with the budgeting and actual work plan occurring in the third year, improvements in reliability metrics would not be expected until the third year.

The goal of service quality plans should be to ensure a reasonable level of reliability at a reasonable cost for most customers. Mandating measures that unfairly weight one customer over another seems to be at odds with the Department's mission. Instead, reviewing performance on a system level is more in line with appropriate regulation. Taking this approach will allow utilities to develop plans that improve reliability across the system in the most economical way possible.

The Company believes that penalties should not be levied at a feeder level because doing so will reduce the effectiveness of the Company's system-wide reliability program. It will force spending in suboptimal ways to address areas on a different time scale than they would otherwise be addressed, potentially forcing the implementation of short-term solutions that in the long term will be more costly and less effective.

Prepared by or under the supervision of: Cheryl A. Warren